

SANTA BARBARA COUNTY ECONOMIC FORECAST

Santa Barbara County located immediately west of Ventura County is dominated by three principal economic activities: tourism, Vandenberg Air Force Base, and education. The population now exceeds 420,000 people, and there are 188,000 wage and salary jobs. The per capita income in Santa Barbara County is \$36,625, which is slightly higher than the California state average. The median family income in 2006 is \$65,800.

In Santa Barbara County, a total of 3,100 wage and salary jobs were created last year, representing a growth rate of 1.7 percent. Non-farm employment grew 1.6 percent last year. The unemployment rate dropped to 4.3 percent, indicative of a very tight labor market.

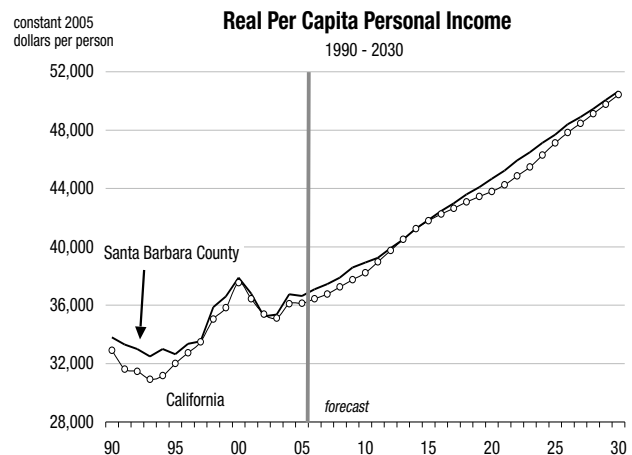
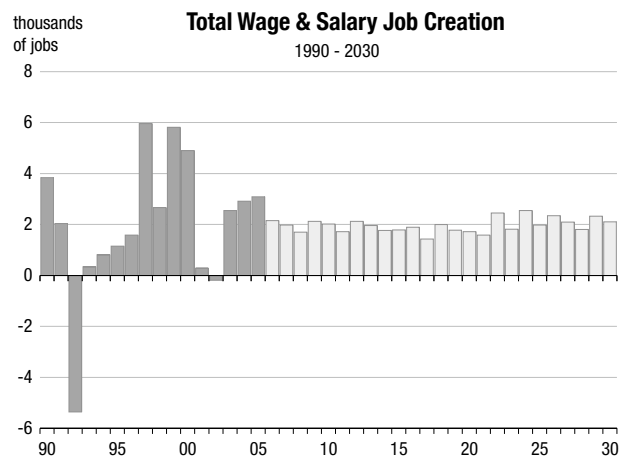
The principal employment clusters in Santa Barbara County are government, retail trade, and services. Last year the fastest growing sectors in the county were education services, transportation, construction, and professional and technical services. The north county region is growing much faster than the south county area, due largely to the greater production of housing in the Santa Maria Valley.

The fastest growing city in the county is Santa Maria, which grew at a rate of 1.9 percent last year and is responsible for almost all of the incorporated growth in the county. The population of Santa Maria, now at 90,200, has surpassed Santa Barbara as the largest city in the county. In Santa Barbara, the population declined 0.9 percent last year.

Employment and population growth will remain modest in Santa Barbara County over the next five years. The northern end of the county will continue to dominate population and job growth in the county. The growth of population in the southern end of the county will continue to decline and new job creation will remain limited.

FORECAST HIGHLIGHTS

- Non-farm job growth is expected to cool from 1.6 percent in 2005 to 0.9 percent in 2006. Job growth is forecast to average one percent per year over the next five years.
- Average salaries adjusted for inflation are currently below the California state average, and will remain relatively lower over the forecast horizon. Real average salaries are forecast to rise an average of 0.8 percent per year over the next 5 years.
- The services sector is the growth engine for jobs in Santa Barbara County. Employment growth in professional and business services, education and healthcare services, and leisure services will account for 47 percent of total job growth in the county over the next five years.

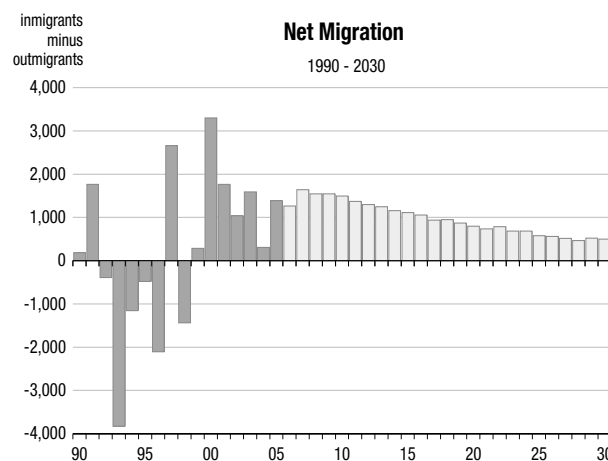
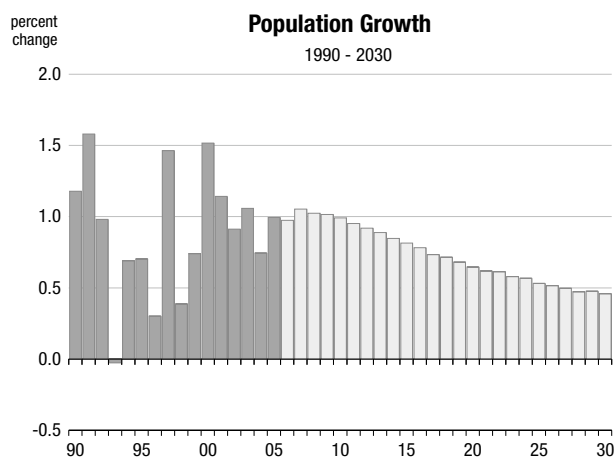


- Population growth will remain positive in the county, but at a slower rate than what was recorded over the past five years. Annual growth in the 2006 to 2010 period averages 1.0 percent per year. The population will increase at faster rates in the Santa Maria Valley, while continuing to decline in the Santa Barbara-Goleta area.
- Net migration is expected to remain modest in 2006 at 1,265 persons. All of the migration flows to the north where affordable and available housing is present. From 2006 to 2010, net migration will average 1,500 persons per year.
- Real per capita incomes are expected to rise at an annual compound growth rate of 1.2 percent over the next 5 years.
- Industrial production will increase by 2.6 percent in 2006. From 2006 to 2010, the growth rate of industrial production will average 1.4 percent per year.

Santa Barbara County Economic Forecast

1997-2005 History, 2006-2030 Forecast

	Population (people)	Net Migration (people)	Registered Vehicles (thousands)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (millions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
1997	390,515	2,662	312.3	134.9	903	\$3.8	\$10.4	\$33,522	1.7	789.70	2.2	5.1
1998	392,029	-1,435	318.0	135.3	1,026	\$4.0	\$11.3	\$35,856	1.4	761.04	2.0	4.4
1999	394,936	285	323.7	136.1	915	\$4.4	\$11.9	\$36,588	2.3	798.41	2.2	3.9
2000	400,929	3,304	336.0	136.6	924	\$4.8	\$12.9	\$37,887	3.3	864.74	2.6	4.4
2001	405,510	1,769	347.0	137.5	1,113	\$5.0	\$13.1	\$36,792	3.4	807.15	2.1	4.4
2002	409,212	1,041	355.0	138.4	1,732	\$5.1	\$13.0	\$35,229	2.8	854.64	2.0	5.1
2003	413,544	1,590	353.1	139.9	1,617	\$5.3	\$13.5	\$35,355	2.6	926.27	2.2	5.0
2004	416,625	311	374.6	141.4	1,517	\$5.5	\$14.7	\$36,752	3.3	943.22	2.4	4.7
2005	420,769	1,391	385.2	143.0	983	\$5.8	\$15.4	\$36,625	4.5	947.77	2.5	4.3
2006	424,871	1,265	392.0	143.6	1,119	\$6.1	\$16.3	\$37,093	3.5	942.81	2.6	4.2
2007	429,351	1,644	398.6	144.5	1,215	\$6.4	\$17.1	\$37,442	2.8	944.21	2.6	4.4
2008	433,750	1,545	404.0	145.6	1,255	\$6.8	\$18.0	\$37,892	3.1	942.64	2.6	4.4
2009	438,159	1,550	407.9	146.7	1,311	\$7.2	\$19.1	\$38,586	3.0	948.10	2.7	4.4
2010	442,503	1,495	410.3	147.8	1,338	\$7.6	\$20.1	\$38,924	3.2	956.52	2.7	4.3
2011	446,718	1,373	411.1	149.0	1,332	\$8.0	\$21.1	\$39,239	3.1	961.93	2.8	4.4
2012	450,824	1,302	412.7	150.2	1,353	\$8.3	\$22.3	\$39,909	2.9	968.96	2.9	4.5
2013	454,831	1,247	415.2	151.3	1,355	\$8.7	\$23.5	\$40,495	3.0	978.63	3.0	4.6
2014	458,688	1,161	418.3	152.5	1,341	\$9.2	\$24.9	\$41,256	3.0	987.74	3.1	4.7
2015	462,431	1,112	421.6	153.7	1,331	\$9.6	\$26.2	\$41,844	3.2	997.73	3.1	4.7
2016	466,047	1,059	424.9	154.9	1,331	\$10.1	\$27.7	\$42,454	3.3	1,008.44	3.2	4.7
2017	469,470	941	427.7	156.0	1,296	\$10.6	\$29.2	\$42,982	3.4	1,014.35	3.3	4.9
2018	472,828	951	430.1	157.2	1,313	\$11.1	\$30.8	\$43,596	3.2	1,022.22	3.3	4.9
2019	476,051	871	431.9	158.3	1,306	\$11.5	\$32.4	\$44,079	3.2	1,030.78	3.4	4.9
2020	479,128	798	433.2	159.4	1,295	\$12.0	\$34.0	\$44,655	3.1	1,038.99	3.5	4.8
2021	482,094	735	434.3	160.6	1,278	\$12.5	\$35.7	\$45,218	3.1	1,042.90	3.5	4.8
2022	485,060	790	435.9	161.7	1,328	\$13.1	\$37.7	\$45,912	3.2	1,050.06	3.5	4.8
2023	487,873	689	438.1	162.8	1,314	\$13.7	\$39.6	\$46,484	3.1	1,053.12	3.5	4.8
2024	490,646	684	442.0	164.0	1,355	\$14.3	\$41.5	\$47,130	3.0	1,060.96	3.5	4.8
2025	493,256	578	447.1	165.2	1,340	\$15.0	\$43.5	\$47,685	3.0	1,068.59	3.4	4.8
2026	495,805	562	453.4	166.3	1,355	\$15.8	\$45.8	\$48,399	3.1	1,076.05	3.4	4.7
2027	498,277	519	458.7	167.5	1,346	\$16.6	\$47.9	\$48,897	3.1	1,083.39	3.4	4.7
2028	500,641	469	463.2	168.7	1,321	\$17.4	\$50.3	\$49,452	3.3	1,087.61	3.5	4.8
2029	503,032	522	467.2	169.9	1,343	\$18.2	\$52.9	\$50,066	3.3	1,095.35	3.6	4.7
2030	505,345	502	470.8	171.0	1,342	\$19.0	\$55.5	\$50,656	3.2	1,102.91	3.6	4.7



Santa Barbara County Employment Forecast

1997-2005 History, 2006-2030 Forecast

	Total Wage & Salary	Farm	Construction	Manufac- turing	Transportation & Utilities	Wholesale & Retail Trade	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
-----employment (thousands of jobs)-----												
1997	166.2	14.73	7.1	15.7	3.8	23.1	7.5	17.2	4.2	16.4	19.1	30.9
1998	168.8	13.83	6.9	15.7	3.3	23.9	8.0	17.5	4.4	17.2	19.6	31.8
1999	174.6	15.26	8.0	15.3	2.9	25.6	8.1	18.1	4.1	18.0	20.2	32.4
2000	179.5	14.85	8.1	15.9	2.9	26.1	8.4	20.2	4.3	18.4	20.8	32.8
2001	179.8	13.76	8.4	15.1	3.0	25.5	8.8	19.6	4.5	18.6	21.0	34.5
2002	179.6	14.23	8.0	13.4	2.8	25.1	8.6	20.6	4.1	19.3	21.0	35.8
2003	182.2	16.18	8.6	13.3	2.9	24.4	8.4	21.1	4.1	19.3	21.7	35.6
2004	185.1	16.29	9.7	13.2	2.9	24.8	8.5	22.0	4.0	19.6	21.8	35.9
2005	188.2	16.70	10.0	13.3	2.9	25.8	8.6	22.5	4.0	20.1	22.0	35.9
2006	190.4	16.74	10.3	13.3	2.9	26.1	8.7	22.8	4.0	20.4	22.4	36.2
2007	192.3	17.09	10.6	13.3	2.9	26.4	8.8	23.1	4.1	20.4	22.7	36.4
2008	194.0	16.91	10.7	13.3	2.9	26.8	8.9	23.5	4.3	20.5	23.1	36.6
2009	196.2	17.37	10.6	13.4	2.9	27.3	9.0	23.9	4.5	20.6	23.4	36.6
2010	198.2	17.67	10.6	13.4	3.0	27.6	9.1	24.5	4.6	20.7	23.7	36.6
2011	199.9	17.61	10.6	13.5	3.0	28.0	9.2	25.1	4.8	20.8	24.0	36.6
2012	202.0	17.82	10.8	13.6	3.0	28.4	9.3	25.7	4.9	20.8	24.3	36.5
2013	204.0	18.12	10.9	13.6	3.0	28.8	9.4	26.2	5.0	20.8	24.6	36.5
2014	205.8	18.25	10.9	13.6	3.0	29.3	9.5	26.8	5.1	20.9	24.9	36.4
2015	207.6	18.47	11.0	13.6	3.0	29.7	9.6	27.3	5.3	20.9	25.2	36.4
2016	209.5	18.69	11.1	13.6	3.0	30.2	9.7	27.8	5.4	20.9	25.6	36.3
2017	210.9	18.55	11.1	13.6	2.9	30.5	9.8	28.3	5.5	20.9	25.9	36.3
2018	212.9	18.79	11.2	13.6	2.9	31.0	9.9	28.7	5.7	21.0	26.2	36.3
2019	214.7	18.97	11.3	13.6	2.9	31.3	10.0	29.2	5.8	21.1	26.4	36.3
2020	216.4	19.10	11.4	13.6	2.9	31.7	10.1	29.7	5.9	21.2	26.5	36.4
2021	218.0	18.94	11.5	13.6	2.9	32.1	10.1	30.3	6.1	21.4	26.6	36.4
2022	220.4	19.24	11.7	13.7	2.9	32.5	10.3	30.8	6.2	21.6	26.8	36.5
2023	222.3	19.08	11.8	13.9	2.9	32.9	10.4	31.4	6.4	21.8	26.9	36.5
2024	224.8	19.46	11.9	14.1	2.9	33.4	10.5	31.9	6.6	21.9	27.0	36.6
2025	226.8	19.58	11.9	14.3	2.9	33.8	10.6	32.5	6.8	22.0	27.2	36.6
2026	229.1	19.71	12.0	14.5	2.9	34.3	10.7	33.1	7.0	22.1	27.3	36.7
2027	231.2	19.83	12.0	14.7	2.8	34.7	10.8	33.7	7.3	22.1	27.4	36.7
2028	233.1	19.74	12.0	15.0	2.8	35.1	10.9	34.3	7.5	22.2	27.6	36.8
2029	235.4	20.06	11.9	15.2	2.8	35.5	11.0	34.9	7.7	22.3	27.8	36.8
2030	237.5	20.18	11.9	15.4	2.8	35.9	11.1	35.5	8.0	22.3	28.0	36.8

